

**Town of Wethersfield
Insurance Committee Minutes
Thursday, February 18, 2010
Town Managers Conference Room**

Chairman Mike Fortunato called the meeting was called to order by at 5:37PM.

Attendance: Mike Fortunato, Chairman, Chris Bazinet, Vice-Chairman; Paul Meade; Matthias DeAngelo; Paul Courchaine; Sey Adil (arrived at 5:39PM) Lisa Hancock-Director of Finance; Jeffrey Bridges- Town Manager; Greg Bedula - TD BankNorth Insurance (arrived at 5:45PM); Chris Monroe-Savino, Sturrock & Sullivan; Jeff Kotkin-Town Council Liaison (arrived at 5:40PM);

Excused Absences:

Public Comments:

No one was present from the public for comment.

Approval of Minutes:

Chris Bazinet moved for the approval of the minute from the meeting on December 17, 2009 seconded by Matthias DeAngelo. Motion carried.

Reports from Agents of Record:

Chris Monroe – Savino, Sturrock, & Sullivan

Chris Monroe discussed the Anthem renewal trend numbers.

(Sey Adil arrived at 5:39PM)

These estimates are the first review. Chris will continue to work with Anthem on renewal fees.

(Jeff Kotkin arrived at 5:40PM)

Chris Monroe is going to market the stop loss to a 3rd party vendor to determine if there are any savings with different carriers. He will not be marketing the entire health care since he did it last year. Cash flow could possibly be a concern with using a third party vendor.

(Greg Bedula arrived at 5:45PM)

Chris analyzed the claim trends by two different methods and compared his results with Anthem's and stated that his numbers are very close to Anthem's estimate. Total claims are anticipated to increase by 8.7%.

Chris reviewed the Administration Fees. It is expected that Administrative Fees will be reduced by 1.3%. The Stop Loss Fees are anticipated to increase by 9.5%. Anthem changed their methodology of how they are calculating Stop Loss Fees by no longer including retirees in the head count but then increasing the per head fee. Total fixed are estimated to increase by 6.9% and the Network Access Fee will increase by 4.7% which will be capped at \$222,236. The total overall increase is estimated to be 8.4%. Chris will continue to monitor the claim trends.

Mike Fortunato asked Chris Monroe what kind of comfort level or assurance that the number is correct? Chris responded that there is a leap of faith or trust that Anthem is using the numbers. The goes back to a consideration for a health insurance audit to verify the fess and claims. 20% of all negotiated discounts are retained by Anthem. This is the Network Access Fee; but it is capped.

Chris Bazinet asked if there is any reason that Anthem would be less aggressive because the Town is self insured. Chris Monroe felt that there isn't a reason for concern in this area.

Mike Fortunato would like to know what Anthem is using for fee schedules. Chris Monroe stated that he will find out how Anthem determines those discounts.

Chris Monroe discussed claim trends with and without the large claims adjustment. The claim increase is 9.7% with large claims and 12.5% without large claim adjustments.

Chris reviewed the stop loss history and also scenarios that reinforce the \$100,000 stop loss number. He still wants to review more data regarding lower stop loss pooling levels.

Greg Bedula – TD Banknorth Insurance

Greg Bedula discussed the review of the certificate of insurance requirements for use of Town facilities. The goal was to create a central procedure to be used by all facilities.

The BOE side was more uniform in the requirements because all rentals are centralized. The Town facility rentals are managed by various departments. Greg is working with everyone to develop a consistent insurance requirement.

He is also looking to implement a standard identification agreement much like the BOE uses.

Greg discussed a program that CIRMA offers called "TULIP", users can go online to their website to determine if they can qualify for using this program. It provides an economical way for users to obtain insurance. Even if they do not qualify; CIRMA will still review the event and group details and may still provide coverage.

Chris Bazinet asked if some of the rental agreements could be reviewed. Greg stated that he could contact Kathy Bagley to try to get a sampling of the agreements and information pertaining to them.

Greg Bedula stated he will follow up on:

1. How Town is held harmless for events held at Historical Society; Town owned facility.
2. Will review requirements for when liquor is served at events at Town owned facilities.
3. Samples of rental agreement activities.

Greg has requested renewal information. He usually bids out insurance coverage every three years. The Town is in the 2nd year. CIRMA has approached Greg with a three rate guarantee without the impact of loss ratios that can only decrease. Travelers entered the market recently; the Town will need to discuss and decide upon soon. He stated that Travelers doesn't have Public Officials Program.

Discussion on RFP for Producers of Record:

Lisa Hancock advised the Committee that the 3 year terms for Agent of Record were going to finish as of June 30, 2010. Pursuant to the Wethersfield Code, Section 10-8C the Committee must provide the names of at least two persons capable of being Agent of Record within 60 days before the term expires to the Town Manager. Section 10-10 requires that the Town Council must approve the Agent and the compensated amount. We will need time to send out the RFP's and for interviews and will need to move quickly in order to have recommendations by May 1, 2010.

Mike Fortunato asked Lisa if there was an option to delay doing an RFP. Lisa responded that the ordinance requires a submission of two names but they could ask Council to consider a waiver of the process and extend the current contracts if that is what the Committee wanted. Jeff Bridges stated that he is hearing from Council members that they would prefer to have a formal RFP sent out.

Sey Adil asked why the Committee couldn't just submit two names from the last process. Lisa responded that there could be ethical concerns and potential complaints from competitors being excluded from submitting a proposal to

provide services. The only fair way would to at least provide the opportunity for all to bid and then prepare a short list for the most qualified providers. Sey Adil stated that he still felt that the Committee should not have to go through a complete process if the Committee is satisfied with the current Agents. Chris Bazinet stated that it is a requirement of the code and the Town Council wants two recommendations and that agrees that the RFP process is the appropriate way to proceed.

Chris Bazinet moved that the Committee Members will compile their recommendations to update the request for proposals for Agents of Record within two weeks and will submit them to the Committee Chair. The Committee Chair will have the authority to send all updates to the Finance Director and the Finance Department will send out the RFP's. Seconded by Paul Meade; motion carried unanimously.

Old Business:

There was no old business to discuss.

New Business:

There was no old business to discuss.

Adjournment:

Sey Adil moved to adjourn at 7:37 PM; this was seconded by Paul Meade. Motion carried unanimously.